

REPORT OF THE FACT-FINDER

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PUBLIC EMPLOYMENT
RELATIONS BOARD

In the Matter of the Fact-finding Between

**FORT DODGE COMMUNITY SCHOOL
DISTRICT**

and

**FORT DODGE MAINTENANCE
EMPLOYEES BARGAINING UNIT
CUSTODIANS**

Hearing: April 30, 2003

Report: May 13, 2003

Sharon K. Imes, Fact-finder

**Appointed through the Iowa Public
Employment Relations Board**

APPEARANCES:

David Haggard, Superintendent, Fort Dodge Community School District, appearing on behalf of the School District.

David A. Grosland and **Betty Fuller**, Lincolnway UniServe Unit, appearing on behalf of the Fort Dodge Community Schools MEBU-Custodians.

BACKGROUND AND JURISDICTION:

The Fort Dodge Community School District, hereinafter referred to as the District or the Employer, and the Fort Dodge Community Schools Maintenance Employees Bargaining Unit - Custodians, hereinafter referred to as the Union, are parties to an agreement effective July 1, 2001 through June 30, 2003. In negotiating the agreement to commence July 1, 2003, impasse was reached on two issues.

Pursuant to Section 20.21 of the Iowa Public Employment Relations Act (PERA), the undersigned was selected as fact-finder to hear, report and make recommendations on the matters remaining in dispute. The hearing was convened on April 30, 2003. At that time, both parties present were given full opportunity to present oral and written evidence and to make relevant argument.

ISSUES IN DISPUTE:

The parties remain at impasse on issues concerning wages and health insurance.

POSITIONS OF THE PARTIES:

The Union seeks to increase the base wage by 35 cents per hour and to change from the current H&MM PPO 200 Plan to a PPO 250 Plan. The District, on the other hand, proposes freezing all salaries and wages at the amounts established in the contract in effect for the 2002-2003 contract year with the following exceptions: honoring all existing increments; honoring newly earned increments and schedule placements earned through longevity or education advancements, honoring classification changes that may qualify the individual for a new base rate, and honoring any education changes that earn an existing salary adjustment. In addition, the District proposes to change the current PPO 200 plan to a PPO 500 plan and to maintain the status quo with respect to the Board's contribution. It also proposes withdrawing the provision that states "The Board contribution to the monthly single insurance premium for full-time employees will be capped at \$420 per month. Each employee may insure his/her immediate family under the coverage afforded and the District will pay \$200 per month toward the dependent portion of the premium. The employee shall pay the additional amount necessitated to make the monthly payment, which shall be deducted each and every month during the employee's pay period" and the provisions that states "Individuals employed by the Fort Dodge Community School District may elect to provide the necessary documentation to the District to establish that they are fully insured by other health and major medical insurance. The individual may then elect to opt out of the District's insurance plan and receive an additional \$100 per month, in the form of salary, in consideration of their decision to opt out of the District's insurances plan. 12/9/02."

The Union maintains that the hourly wage rate increase it seeks is justified by the parties' bargaining history; that it will result in a settlement comparable to similar bargaining units within the state and that the increase is within the District's ability to pay. It also argues that the increased employee's cost of insurance will reduce the impact of an hourly wage increase even though it is agreeing to a decrease in coverage by changing from the current PPO 200 to a PPO 250; to higher prescription copays and to three new limitations in coverage. Further, it declares that since the District will be reducing five and one-half unit positions for the 2003-04 contract year, not only will

the current employees be responsible for same number of facilities but that the cost of the increase is offset by the downsizing

The District, however, charges that both issues at impasse require an increased District expenditure just to maintain them at their current levels. Noting that its insurance loss experience in the past few years has contributed to "skyrocketing insurance costs", the District states that the insurance rate increase by 30.59% for the 2003-04 school year and that it has proposed changing current insurance coverage from a PPO 200 to a PPO 500 in an attempt to control that rising cost. With respect to wages, the District maintains that freezing the employees' wages is a reasonable settlement in light of declining enrollment, no allowable growth and dismal economic indicators and that it is particularly reasonable since its employees have the opportunity to earn longevity increases up to 90 cents per hour. The District also argues that it should not be required to fund a settlement package that exceeds 3% merely because the bulk of the increase is attributable to increased insurance costs. Further, the District asserts that its capacity to fund a settlement is seriously hampered in light of "zero allowable growth and dramatic increases in insurance premiums."

DISCUSSION AND RECOMMENDATIONS:

The Public Employment Relations Act provides no specific guidelines to consider in making fact-finding recommendations. It does set forth, however, criteria to be considered in determining the reasonableness of the parties' offer under binding arbitration under Section 20.22. Therein, the law states the following factors should be considered relevant: past collective bargaining contracts between the parties including the bargaining that led up to such contracts; comparisons of wages, hours and conditions of employment of the involved employees with those of other public employees doing comparable work; any factor peculiar to the area and classifications involved; the interests and welfare of the public; the ability of the public employer to finance economic adjustments and the effect of those adjustments on the normal standard of services, and the power of the public employer to levy taxes and appropriate funds for the conduct of its operations. Since the parties may proceed to arbitration if this dispute is not resolved following receipt of this fact-finding report, it is appropriate that these same factors be considered in reaching a fact-finding recommendation.

After reviewing the evidence, the arguments of the parties, considering the criteria set forth in Section 20.22 and assigning weight, where possible, to that criteria, the following recommendations are made:

Wage Recommendation: *It is recommended that the wage rate be increased by 25 cents per hour.*

Insurance Recommendation: *It is recommended that the insurance plan as proposed by the Union be implemented.*

The above recommendations are based upon several findings. First, the bargaining history does not support the Union's proposed increase of 35 cents per hour nor does it support the District's wage freeze proposal. While the record shows that the parties have settled on hourly increases ranging between 25 cents and 69 cents per hour over the past nine years, it also shows that the hourly increase during the past four years, years which reflect many of the same economic consequences the District is currently experiencing, has ranged between 25 cents and 30 cents per hour with the parties having agreed upon a 30 cents per hour increase in each of the past three years.

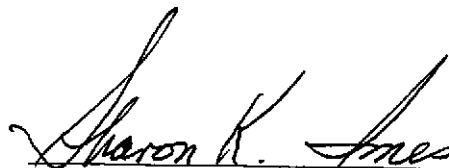
Further, the evidence pertaining to recent settlements indicates that a wage increase of 25 cents per hour is not unreasonable since more than eight of the settlements submitted by the Union resulted in a 25 cent or less per hour wage increase while a wage increase of 35 cents per hour would represent a wage increase as high as any of the settlements. This recommendation is also more reasonable than the District's proposed wage freeze since there is no evidence that the District has an inability to provide a wage increase. In support of its position, the Union pointed to the fact that reductions in force would more than offset its entire package proposal. That evidence was not given significant weight, however, since the District did not argue an inability to pay. If the District had made such an argument, its real costs, not its cast forward costs, would have been considered. The District, however, only argues that its unspent balance as well as its solvency percentage continues to decrease. The evidence does not show, however, that this District's economic well-being differs significantly from any of the districts it considered comparable or from any of the districts that had recently settled, evidence provided by the Union.

Given this fact and the fact that the District is reducing its staff in this bargaining unit, a situation that will result in those remaining carrying a greater workload, makes the District's proposed wage freeze even less reasonable. In addition, the external comparison, indicate that a

wage increase somewhat less than that proposed by the Union is reasonable. The wage rate increases among similar bargaining units indicates that this District has consistently ranked among the leaders in beginning pay for its custodians and maintenance workers and that while the custodians do well among the comparables at the maximum hourly rate, the maintenance workers do less well. This is further reason to recommend a wage increase similar to that agreed upon by others since such a wage increase will only maintain the District's rank among the comparables.

The record also supports a conclusion that the total package increase, despite the tremendous increase in the insurance costs to the District, will not differ significantly from other total package increases among the external comparables even though the Union's proposal regarding insurance is recommended. The record establishes that during this last contract, the parties had agreed upon a PPO with a \$200 single and \$400 family deductible and with a prescription co-pay of \$5 generic and \$10 brand for a thirty-day supply and a co-pay of \$7.50 generic and \$15 brand for a ninety-day supply. While this Fact-finder agrees that a 30.59% increase in insurance is an increase that cannot be borne entirely by the District, the record establishes that Union also recognizes this predicament and has proposed a change in the policy that will affect the percentage increase. Evidence of the Union's willingness to cooperate is the fact that the parties were able to reach agreement on the prescription co-pays and that the Union has also proposed a 25% increase in its deductibles. In contrast, the District is seeking over a 150% increase in the deductibles without evidence that the employees have misused or abused this benefit. To seek such a contribution without evidence of misuse or abuse and without a "*quid pro quo*" is unreasonable given the fact that the District is not arguing an inability to pay.

Based on the above discussion and considerations, it is recommended that the wage rate be increased by 25 cents per hour and that the insurance plan as proposed by the Union be implemented.


Sharon K. Imes, Fact-finder

May 13, 2003
SKI:ms

CERTIFICATE OF SERVICE

I certify that on the 13th day of May, 20 03, I served the foregoing Report of Fact Finder upon each of the parties to this matter by (_____ personally delivering) (✓ mailing) a copy to them at their respective addresses as shown below:

I further certify that on the 13th day of May, 20 03, I will submit this Report for filing by (_____ personally delivering) (✓ mailing) it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

Sharon K. Imes

SHARON K. IMES Fact-Finder
(Print name)

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